

Message Text

CONFIDENTIAL

PAGE 01 CANBER 07509 160126Z

73

ACTION EA-10

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-03 H-01 INR-05 L-02

NSAE-00 NSC-05 PA-01 RSC-01 PRS-01 SP-02 SS-15

USIA-06 AID-05 COME-00 EB-04 FRB-01 TRSE-00 XMB-02

OPIC-03 CIEP-01 LAB-01 SIL-01 OMB-01 TAR-01 /073 W

----- 128166

R 160014Z NOV 74

FM AMEMBASSY CANBERRA

TO SECSTATE WASHDC 4504

INFO AMCONSUL SYDNEY

AMCONSUL MELBOURNE

AMCONSUL PERTH

AMCONSUL BRISBANE

AMCONSUL PORT MORESBY

C O N F I D E N T I A L CANBERRA 7509

E.O. 11652: GDS

TAGS: PFOR, US, AS

SUBJECT: AUSTRALIAN ECONOMIC AND POLITICAL SITUATION:
VIEWS OF RUPERT MURDOCK, MANAGING DIRECTOR OF
NEWS LTD. AND ASSOCIATED COMPANIES

DURING A WIDE-RANGING AND APPARENTLY VERY CANDID CONVERSATION WITH AMBASSADOR, DCM AND PAO AT LUNCH NOVEMBER 15, RUPERT MURDOCK MADE THE FOLLOWING COMMENTS OF INTEREST. AS OWNER OF "THE AUSTRALIAN", "SYDNEY TELEGRAPH", "ADELAIDE NEWS", AND MAJOR PAPERS IN BRISBANE AND PERTH (IN ADDITION TO PUBLISHING EMPIRE IN UK AND US) MURDOCK IS WELL INFORMED AND EXTREMELY INFLUENTIAL.

1. AUSTRALIAN ELECTIONS ARE LIKELY TO TAKE PLACE IN ABOUT ONE YEAR, SPARKED BY REFUSAL OF APPROPRIATIONS IN THE SENATE. ALL SIGNS POINT TO A LIBERAL-COUNTRY VICTORY, SINCE THE ECONOMY IS IN DISTURBINGLY BAD CONDITION AND WILL PROBABLY NOT IMPROVE MUCH OF THAT TIME. SNEDDEN WILL BE THE NEXT PRIME
CONFIDENTIAL

CONFIDENTIAL

PAGE 02 CANBER 07509 160126Z

MINISTER. PHIL LYNCH, WHO HAS HANDLED HIMSELF WELL AND TAKES

THE TIME TO BRIEF HIMSELF ON THE ISSUES, WILL STAY ON AS DEPUTY LEADER OF THE LIBERAL PARTY. ON PRESENT FORM HE ALSO HAS THE BEST CHANCE OF SUCCEEDING SNEDDEN AS LEADER. MALCOLM FRASER IS THE MOST BILLIANT AS WELL AS THE MOST COURAGEOUS OF THE LIBERALS BUT IS REGARDED AS TMU INFLEXIBLE AND TOO ARROGANT BY HIS COLLEAGUES. HE ALSO TENDS TO BE OVERLY ABSORBED IN FOREIGN AFFAIRS AND DEFENCE.

2. MURDOCK, BY SWINGING HIS NEWSPAPER CHAIN BEHIND THE ALP, PLAYED A SUBSTANTIAL ROLE IN THE LABOR VICTORY OF DECEMBER 1972. HE IS SATISFIED THAT HE TOOK THE CORRECT POSITION AT THAT TIME, SINCE IT WAS ESSENTIAL TO HAVE A CHANGE AFTER 23 YEARS. LIBERAL/COUNTRY LEADERSHIP HAD BECOME INCREASINGLY WEARY INTELLECTUALLY. HOWEVER, MURDOCK IS DISAPPOINTED BY LABOR'S PERFORMANCE. HE EXPECTS TO SUPPORT THE OPPOSITION IN THE NEXT ELECTION.

3. WHITLAM'S POLICIES HAVE HELPED CAUSE THE COUNTRY'S ECONOMIC CRISIS. THE GOVERNMENT SHOULD BE PURSUING ECONOMIC POLICIES WITH A MORE SELFISH DOMESTIC FOCUS. FOR EXAMPLE, THE 25 PER-CENT ACROSS-THE-BOARD TARIFF REDUCTIONS, WHICH APPEALED TO WHITLAM'S ORDERLAY LEGAL MIND AND LIBERAL OUTLOOK, WERE A BAD MISTAKE AND CONTRIBUTED NEEDLESSLY TO UNEMPLOYMENT. A NUMBER OF AUSTRALIAN INDUSTRIES REQUIRE TARIFF PROTECTION AND THIS PROBLEM SHOULD HAVE BEEN STUDIED ON A SECTOR BY SECTOR BASIS. THE GOVERNMENT SHOULD HAVE DONE MORE TO CONTAIN INTEREST RATES AND SUPPRESS FOOD PRICES. ABOVE ALL, IT IS INEXCUSABLE NOT TO REDUCE GOVERNMENT EXPENDITURES DRASTICALLY AT THE PRESENT TIME TO COUNTER INFLATION. HOWEVER DEPLORABLE ALP SOCIAL PROGRAMS MAY BE, THEY SHOULD BE POSTPONED IN PRESENT CIRCUMSTANCES.

4. WHITLAM APPEARED TO ABANDON HOPE OF WINNING THE NEXT ELECTION ABOUT THREE MONTHS AGO. HIS ENERGY SEEMS DEVOTED TO MAKING HIS MARK IN HISTORY AS A GREAT RADICAL REFORMER OF AUSTRALIAN SOCIETY. HE HAS BEEN A DISAPPOINTMENT AS PRIME MINISTER, PRIMARILY BECAUSE OF HIS ARROGANCE AND LACK OF HUMAN SKILLS AS A POLITICIAN. HE HAS NOT COURTED CAUCUS BACKBENCHERS, A PRACTICE ESSENTIAL IN THE LABOR PARTY CONTEXT. HE WAS VERY WISE TO APPOINT JOHN MENADUE, ONE OF THE SHARPEST

CONFIDENTIAL

PAGE 03 CANBER 07509 160126Z

POLITICAL MINDS IN AUSTRALIA, AS SENWETARY OF THE PRIME MINISTER'S DEPARTMENT. IF HE LISTENS TO MENADUE, HE MAY IMPROVE HIS POLITICAL TACTICS.

5. IN THIS CONNECTION, THE PROPOSAL TO UNLOAD FRANK CREAN STEMMED FROM MENADUE. CREAN WILL ALMOST CERTAINLY BE REMOVED BEFORE LONG. HE HAS BEEN A WEAK, INADEQUATE TREASURER. REPEATEDLY, THE SHARP, INTELLECTUAL PROFESSIONALS

OF THE TREASURY DEPARTMENT HAVE SOLD A POLICY BILL OF GOODS TO CREAN AND WHITLAM AND THEN, WHEN THESE POLICIES COME UNDER FIRE IN CABINET AND CAUCUS, CREAN HAS SCUTTLED AWAY, LEAVING WHITLAM ALONE TO DEFEND TREASURY'S FAULTY PROPOSALS. WHITLAM WILL CERTAINLY BE DROPPING CREAN BEFORE LONG, AND WILL PROBABLY GET AWAY WITH IT AFTER A FLURRY OF PROTEST. HOWZER, WHEN HE MAKES CAIRNS TREASURER--A PROSPECT WHICH CAIRNS RELISHES DESPITE HIS PUBLIC PRETENCE OF RELUCTANCE--HE MAY FIND THAT CAIRNS, A MORE FACILE POLITICIAN THAN THE PRIME MINISTER, EMERGES UNSCATHED WHILE WHITLAM HIMSELF CONTINUES TO TAKE THE BLAME FOR INFLATION AND THE POLITICALLY DISASTROUS UNEMPLOYMENT.

6. CAIRNS REMAINS SOMETHING OF AN ENIGMA, A CHARMING, SUBTLE POLITICIAN WHO SWAYS WITH HIS INTERLOCUTOR OF THE MOMENT. IT IS STILL NOT CLEAR WHETHER CAIRNS IS IN FACT BECOMING MORE MODERATE OR WHETHER HE IS MASKING HIS FUNDAMENTALLY LEFTIS MAKEUP UNTIL HE OBTAINS GREATER POWER. CAIRNS NOW APPEARS VIRTUALLY UNCHALLENGED AS WHITLAM'S SUCCESSOR, EITHER DURING THE PRESENT GOVERNMENT OR AS SOON AS LABOR RETURNS TO OPPOSITION. IN POWER, CAIRNS IS NOT LIKELY TO MOVE RAPIDLY TOWARD THE CORPORATE STATE. AS A PRACTICAL POLITICIAN HE RECOGNIZES THAT PRIVATE BUSINESS REMAINS THE FOUNDATION OF THE AUSTRALIAN ECONOMY. HOWEVER, HE WOULD PURSUE MORE RADICAL FOREIGN POLICIES AND WOULD CONTINUE TO MOVE TOWARD SOCIALISM. CAIRNS RETAINS THE FULL SUPPORT OF THE ALP LEFT, AND THE LEFT WILL INEVITABLY GAIN IN STRENGTH IF LABOR LOSES GOVERNMENT. MURDOCK FINDS CAIRNS A PUZZLING AND DISTURBING FIGURE.

7. WHITLAM IS QUITE CAPABLE EVEN IN THE NEAR FUTURE OF BECOMING FRUSTRATED AND LAYING DOWN AN "ACCEPT MY POLICY OR I QUIT" ULTIMATUM TO THE CAUCUS. CAUCUS MIGHT EASILY PICK
CONFIDENTIAL

CONFIDENTIAL

PAGE 04 CANBER 07509 160126Z

UP THIS GAUNTLET AND DROP WHITLAM IN FAVOR OF CAIRNS.

8. BOB HAWKE IS FIERCELY AMBITIOUS TO BECOME PRIME MINISTER OF AUSTRALIA AND COULD MAKE IT SOME DAY. HE IS INTELLIGENT AND ESSENTIALLY MODERATE. HE WOULD BE FAR PREFERABLE TO CAIRNS BUT HAS LITTLE CHANCE OF DEFEATING CAIRNS IN THE NEXT FEW YEARS. HAWKE IS NOW TALKING "NATIONAL GOVERNMENT", WHICH WOULD GIVE HIM THE BEST CHANCE PERSONALLY. HE SEES THE ALP GOING DOWN TO DEFEAT AND DOES NOT WANT TO BOARD THE SINKING SHIP.

9. IT IS NOT LIKELY THAT MUCH AMERICAN CAPITAL WILL BE ATTRACTED TO AUSTRALIA IN THE NEAR FUTURE. RECESSION AT HOME IN THE U.S. AND HIGH INTEREST RATES MAKE THIS UNLIKELY. SEVERAL AMERICAN FINANCIAL INSTITUTIONS, EVEN LARGE ONES,

ARE ALREADY BADLY OVEREXTENDED IN AUSTRALIA AND THE BURSTING
OF ONE OF TWO BUBBLES WOULD BE VERY BAD FOR THE ECONOMIC
CLIMATE.

10. MURDOCK IS DEEPLY PESSIMISTIC ABOUT THE GLOBAL ECONOMIC
SITUATION. THE U.S., BECAUSE OF ITS GREATER DIVERSIFICATION
AND LESSER UNION PROBLEMS, IS IN BETTER SHAPE THAN AUSTRALIA
AND CERTAINLY THAN THE UK. THE U.S. IS THE ONLY SOCIETY
AND THE ONLY ECONOMY OF SUFFICIENT STATURE TO PROVIDE WORLD
LEADERSHIP IN THESE PARLOUS TIMES.
GREEN

CONFIDENTIAL

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: ECONOMIC CONDITIONS, DIPLOMATIC DISCUSSIONS, POLITICAL SITUATION, POLITICAL LEADERS
Control Number: n/a
Copy: SINGLE
Draft Date: 16 NOV 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: cunninfx
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974CANBER07509
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Film Number: D740331-0455
From: CANBERRA
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t19741137/aaaabezk.tel
Line Count: 180
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EA
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 4
Previous Channel Indicators:
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: cunninfx
Review Comment: n/a
Review Content Flags:
Review Date: 09 JUL 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <09 JUL 2002 by shawdg>; APPROVED <20 MAR 2003 by cunninfx>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: AUSTRALIAN ECONOMIC AND POLITICAL SITUATION: VIEWS OF RUPERT MURDOCK, MANAGING DIRECTOR OF
TAGS: PFOR, US, AS, (MURDOCK, RUPERT)
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005